



SENATE BILL 326: Increase JDIG Program Funding

2015-2016 General Assembly

Committee:	Senate Ref to Commerce. If fav, re-ref to Finance. If fav, re-ref to Appropriations/Base Budget	Date:	March 20, 2015
Introduced by:	Sens. Gunn, Meredith, Apodaca	Prepared by:	Dan Ettefagh
Analysis of:	First Edition		Committee Counsel

SUMMARY: *The bill would increase the maximum total liability for Job Development Investment Grant Program awards in the 2013-2015 fiscal biennium by \$5 million, from \$22.5 million to \$27.5 million.*

CURRENT LAW: Pursuant to G.S. 143B-437.52, the maximum amount of total annual liability for JDIG awards in any single calendar year is \$15M. In S.L. 2013-360, the cap was modified from a calendar year cap to a fiscal biennium cap for the 2013-15 fiscal biennium only, and the cap was modified for that period from \$15M to \$22.5M. The cap for the last half of the 2015 CY is \$7.5M.

BILL ANALYSIS: The bill would increase the \$22.5M JDIG cap applicable to the 2013-15 fiscal biennium by \$5M, raising it to a total of \$27.5M.

EFFECTIVE DATE: The bill is effective when it becomes law.

BACKGROUND: The Job Development Investment Grant Program (JDIG) is a discretionary grant program by the State to a new or expanding business for creating jobs in the State. The term of a grant is limited to no more than 12 years. The grant amount is based on a percentage (ranging from 10% to 75%) of the personal income tax withholdings of eligible positions created by the participating business and is automatically reduced by 25% if the project is located in a tier 3 area and by 15% if the project is located in a tier 2 area. The reduction is transferred to the Utility Account for rural infrastructure improvement. If a participating business fails to meet/comply with the grant agreement requirements, the grant amount or term is reduced proportionately to the failure or the agreement may be terminated. Funds are disbursed only after the Secretary of Revenue has certified the amount of withholdings received in that year by the Department.

